

**Date:** January 4, 2011

**To:** Thomas J. Bonfield, City Manager

**Through:** Theodore L. Voorhees, Deputy City Manager

**From:** Joel V. Reitzer, Jr., Director, General Services Department  
John P. Gregory, Assistant Director, General Services Department  
Trish Creta, Senior Construction Project Manager

**Subject:** Arts Council, Carolina Theatre, City Hall Envelope Phase II Project:  
Amendment #1D and #1E to the Skanska USA Building (CMAR)  
Preconstruction Services Contract

#### **Executive Summary**

In 2005, General Obligation Bonds were authorized to complete facility and accessibility improvements and deferred maintenance at six downtown locations, referred to as the Downtown Bundle. The FY2008-09 and FY2009-10 Capital Improvements Program provided additional funding for upgrades to the Arts Council, Carolina Theatre, City Hall Roof/Building Envelope, and other projects in the Downtown Bundle to address necessary unfunded improvements. Skanska USA Building, Inc. (Skanska) performed preconstruction services for Phase I through their role as Construction Manager at Risk (CMAR). Skanska also provided limited preconstruction services during the pre-design of Phase II. This item allows Skanska to continue preconstruction services on Phase II for the Arts Council, Carolina Theatre, and City Hall Envelope subprojects of the Phase II Downtown Bundle.

#### **Recommendation**

The Department of General Services recommends that the City Council:

1. Authorize the City Manager to execute Amendment 1D to the CMAR Preconstruction Services contract with Skanska USA Building for pre-construction services for the Arts Council Phase II and Carolina Theater Phase II, in an amount not to exceed \$50,000.00.
2. Establish a project contingency in the amount of \$7,500.00 for the Arts Council Phase II and Carolina Theater Phase II pre-construction services, and authorize the City Manager to negotiate and execute change orders on the Amendment 1D to the CMAR Preconstruction Services contract with Skanska USA Building, provided the total project cost does not exceed the amount budgeted for preconstruction phase services plus the project contingency of \$57,500.00.

3. Authorize the City Manager to execute Amendment 1E to the CMAR Preconstruction Services contract with Skanska USA Building for the City Hall Envelope project, in an amount not to exceed \$10,000.00.
4. Establish a project contingency in the amount of \$1,500.00 and authorize the City Manager to negotiate and execute change orders on the Amendment 1E to the CMAR Preconstruction Services contract with Skanska USA Building, provided the total project cost does not exceed the amount budgeted for preconstruction phase services plus the project contingency of \$11,500.00.

### **Background**

In 2003, General Services contracted with engineering firm Carter & Burgess, Inc. to complete a facility condition assessment of City of Durham facilities. The assessment identified repair work needed due to age and deferred maintenance. In November 2005, the City of Durham received voter approval to issue \$110 million in General Obligation (GO) Bonds to fund a broad portfolio of capital improvement projects, many of which are related to facility upgrades and deferred maintenance in City facilities.

Six City buildings in the downtown area (Police Headquarters, Civic Center, Carolina Theatre, Durham Arts Council, the Armory and City Hall Roof/City Hall Envelope) had similar maintenance and repair needs. Therefore, the design work was “bundled” into a single project, referred to as the Downtown Bundle, to expedite the repairs and replacement of failing mechanical systems and damage from leaking roofs.

In April 2006, City Council approved a professional services contract with Heery International, P.C. (Heery), to complete the design services for the six buildings in the Downtown Renovation Project Phase I. In October 2006, City Council approved Skanska USA Building, Inc. (Skanska) to provide Construction Management at Risk (CMAR) preconstruction services and approved contract amendments for construction with Skanska between June and October 2007. The Downtown Bundle Phase I projects were completed as scheduled.

During the Phase I design, all projects were identified as having insufficient funding to complete the full scope of recommended upgrades. Heery's Basis of Design Report for each project itemized the unfunded scope and this itemized list resulted in a request for CIP funding. In FY2008-09 and FY2009-10, City Council authorized additional funding to complete upgrades for the Arts Council, Carolina Theatre, and Convention Center and new funding for deferred maintenance for the City Hall Building Envelope and Annex Roof. In September 2009, City Council approved contract amendments with Heery and Skanska for pre-design services of Phase II of the Downtown Bundle in order to investigate and fully define scope and to forecast costs for each project. As part of the Phase II pre-design and in consultation with project stakeholders, staff identified three levels of priorities, in order of importance: 1) code compliance/life safety, 2) operational issues/deferred maintenance and 3) requested facility upgrades, along with associated cost estimates to determine if funding was in alignment with the scope items.

In April 2010, City Council approved a contract amendment with Heery to perform consulting services for the completion of design on Phase II of the Downtown Bundle. This contract amendment with Skanska provides for pre-construction services for the Arts Council, Carolina Theatre, and City Hall Envelope subprojects as noted.

The pre-design phase of the Arts Council, Carolina Theatre, and City Hall Envelope further outlined the scope of work and estimated costs for Phase II. A summary of the scope for each project is as follows:

Arts Council: ADA upgrades to external access ramps, stair handrails, passenger elevator, and door hardware; repair and replacement of electrical panels and lighting; repair and replacement of roofing; façade repairs and painting; replacement of major HVAC plant and equipment; replacement of mains-water backflow preventer; repair and replace doors, cabinetry and interior finishes; install acoustical linings adjacent Carolina Theatre; replacement of theatre lighting, seating, finishes, sound and video systems.

Carolina Theatre: ADA upgrades to internal access ramps, 2 passenger elevators, ticket and concession counters, dressing rooms, restrooms and additional seating to cinemas; upgrade general and emergency lighting; replacement of mains-water backflow preventer; replace and replacement of exterior doors windows; repair and or replacement of hard-wall plaster and moldings; install acoustical linings adjacent Arts Council; repair and replacement of interior doors and cabinetry; upgrade sound systems to theatre and cinemas; replace screens, dimming and lighting systems to cinemas; replace carpet finishes throughout; renovate theatre box seats.

City Hall Envelope: The City Hall Envelope and Annex Roof Study was performed during the City Hall Roof project (completed in Phase I of the Downtown Bundle) and identified the scope of work as: replace Annex roofing; and replace all window gaskets, joint sealants, and brick pointing, including brick cleaning. The pre-design phase of the City Hall Envelope project (identified within Phase II of the Downtown Bundle) identified additional scope of work as: replace all exterior wall cladding including structural support system and replace 4<sup>th</sup> floor patio with roofing. Construction of the entire scope of work identified during the initial study and the pre-design phase is currently underfunded. However, Heery produced construction documents to replace the Annex roof and City Hall 4<sup>th</sup> floor patio roof. This phase was bid and awarded in late 2010. Construction will begin in April 2011.

### **Issues/Analysis**

Carolina Theatre and Arts Council pre-design phase clearly defined project scopes, costs, and priorities. It is recommended that in these two projects eliminate the requirement of a 50% construction phase estimate as part of Skanska's preconstruction services, instead proceeding directly to a full 100% construction documents estimate. The initial pre-design effort, subsequent 100% design development and 100% construction document estimates, in addition to the desire to move these projects to bidding quickly to take advantage of a favorable bid market and consolidated CMAR expenses make this an economical and sound recommendation.

City Hall Envelope pre-design phase prioritized identified and unidentified scope for this project. Because the project is underfunded, and a project delivery method for construction has not been determined by staff, preconstruction phase services for this project is limited to a 100% construction document estimate only. Staff will use this estimate to submit a CIP request in the upcoming fiscal year.

Staff recommends amending the contract with Skanska to perform preconstruction services in parallel with design services by Heery on Phase II of this project. Preconstruction services include, but are not limited to, design and cost review, value engineering, bidding, logistics planning and construction scheduling.

## Alternatives

Council may choose not to authorize an amendment for preconstruction services. Staff recommends against this option. The Phase I project benefitted from this service owing to the complexity and schedule issues involved in shared use facilities. Given the larger and more invasive Phase II project work scope and the impacts that the construction will have on operational issues, these preconstruction services will aid in evaluating scheduling and logistics to minimize potential issues.

## Financial Impacts

### Phase II Project Funding Sources Impact – Funds for these projects are budgeted in the following accounts:

Arts Council	3301C950 - 731003 - CC012	\$25,000.00
	3301C950 - 731900 - CC012	\$3,750.00
<b>Subtotal</b>		<b>\$28,750.00</b>
Carolina Theatre	3301C950 - 731003 - CH030	\$25,000.00
	3301C950 - 731900 - CH030	\$3,750.00
<b>Subtotal</b>		<b>\$28,750.00</b>
City Hall Envelope Project	3301C951 - 731003 - CC210	\$10,000.00
	3301C951 - 731900 - CC210	\$1,500.00
<b>Subtotal</b>		<b>\$11,500.00</b>
<b>TOTAL</b>		<b>\$ 69,000.00</b>

### Phase II Funding Uses Summary

Arts Council	
Pre-Design	\$20,243.00
Design	\$253,500.00
Design Contingency	\$25,350.00
Preconstruction Services	\$25,000.00
Preconstruction Services Contingency	\$3,750.00
Other Owner's Expenses	\$51,158.00
Available for Construction	\$3,015,142.00
<b>Total</b>	<b>\$3,394,143.00</b>
Carolina Theatre	
Pre-Design	\$19,129.50
Design	\$179,500.00
Design Contingency	\$17,950.00
Preconstruction Services	\$25,000.00
Preconstruction Services Contingency	\$3,750.00
Other Owner's Expenses	\$36,660.00
Available for Construction	\$1,551,010.50
<b>Total</b>	<b>\$1,833,000.00</b>

City Hall Envelope and Annex Roof	
Pre-Design and Annex Roof Design	\$44,416.50
Design	\$225,300.00
Design Contingency	\$22,530.00
Preconstruction Services	\$10,000.00
Preconstruction Services Contingency	\$1,500.00
Annex Roof Construction	\$306,564.00
Annex Roof Construction Contingency	\$43,436.00
Available for Construction of City Hall Envelope	\$357,471.50
<b>Total</b>	<b>\$1,011,218.00</b>
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<b>TOTAL</b>	<b>\$ 6,238,361.00</b>

#### **SDBE Summary**

This is a contract amendment. It was not reviewed by the Department of Equal Opportunity/Equity Assurance for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. Skanska does have a SDBE Strategic Plan for the Downtown Bundle that would be applicable to this work.